



Environmental Services Division
Energy and Waste Management Bureau

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GASOLINE PRICES CLIMB IN SPITE OF STRONG CRUDE OIL INVENTORIES; RECORD MONTHLY SALES FOR E85

DES MOINES — Gasoline prices continued to climb across Iowa, averaging about 25 cents per gallon higher than last month and about 20 percent higher than a year ago. Prices typically peak after Memorial Day, so consumers can expect to see prices continue to climb heading into the summer months.

Crude oil inventories are down slightly from last week but are still at record levels and significantly higher – about 29.3 million barrels – than this time last year. Oil prices settled at \$61.77 per barrel on March 22, \$4.11 higher than the previous month and 14 percent higher than last year (\$54.04).

According to Tami Foster, energy data analyst for the Iowa Department of Natural Resources, several factors are influencing the jump in gasoline prices.

“Although crude oil inventories are high, gasoline production has slowed as refineries undergo scheduled spring maintenance,” said Foster. “Consumers are traveling for spring break, which also impacts the supply. And, there is continued unrest in Nigeria, Iran and Iraq, which also affects the market.”

Foster also cited the switch from methyl tertiary-butyl ether (MTBE) to ethanol for influencing prices.

According to Foster, most oil companies are trying to move away from MTBE before the 2006 summer driving season. This push could result in a temporary shortage in ethanol in some parts of the country, causing short-term price spikes.

Prices could decline slightly going into April before beginning the annual summer climb. Analysts predict that gasoline prices could hit \$2.75 this summer. However, if a major event were to happen, such as another hurricane season similar to last year or political turmoil in the Middle East, prices could once again reach \$3 per gallon.

Iowa retailers reported the highest monthly sales volume for E85 in February 2006 with 85,532 gallons sold. The previous record was 85,202 gallons sold in January 2006. So far this year, 170,734 gallons have been sold as compared to 32,835 gallons sold for the same time period in 2005. E85 is a blend of 85 percent ethanol and 15 percent gasoline and can be used in flexible fuel vehicles.

The latest data also shows that E10, a blend of 10 percent ethanol and 90 percent gasoline, represented 77 percent of all retail gasoline sold in Iowa in January 2006. All auto manufacturers warrant the E10 blend for use.

NOTE TO EDITORS: Beginning this month, the DNR will report the average monthly price for E85. These prices are reported by retail stations and are averaged for the previous month and prior year.

Motor Fuels Survey State Average Price Per Gallon

Self-Serve	2/15/06	3/15/06	Difference 2/15 to 3/15	3/15/05	% Difference 2005 to 2006
Regular Unleaded with 10% Ethanol	2.16	2.41	+0.25	2.01	+20%
Regular Unleaded	2.18	2.44	+0.26	2.02	+21%
Premium Unleaded	2.28	2.51	+0.23	2.09	+20%
Diesel	2.45	2.56	+0.11	2.17	+18%

Source: Oil Price Information Service, www.opisnet.com

10% Ethanol Average Retail Price Per Gallon -- Major Iowa Cities

	2/15/06	3/15/06	Difference
Ames	2.18	2.40	+0.22
Cedar Rapids	2.14	2.38	+0.24
Council Bluffs	2.10	2.34	+0.24
Davenport	2.15	2.46	+0.31
Des Moines	2.10	2.40	+0.30
Dubuque	2.16	2.41	+0.25
Fort Dodge	2.16	2.45	+0.29
Iowa City	2.20	2.45	+0.25
Sioux City	2.17	2.41	+0.24
Waterloo	2.10	2.38	+0.28
Webster City	2.30	2.40	+0.10
Average Metro Price	2.16	2.41	+0.25

Source: Oil Price Information Service, www.opisnet.com

E85 Monthly Statewide Average Retail Price Per Gallon

February 2006	February 2005	Difference	% Difference 2005 to 2006
1.95	1.74	+0.21	+11%

Source: Retail stations

Heating Fuels Survey

	2/21/06	3/13/06	Difference
Natural Gas	7.40	6.95 (3/22)	-0.45
Propane	1.47	1.45	-0.02
#2 Heating Oil	2.11	2.15	+0.04

Sources: Wall Street Journal, Iowa Department of Natural Resources